



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

TRIAD COMMUNITY UNIT
SCHOOL DISTRICT NO. 2
MADISON COUNTY, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
JUNE 30, 2016

233 East Center Drive, P.O. Box 416
Alton, Illinois 62002
(618) 465-7717 Fax (618) 465-7710

80 Edwardsville Professional Park
Edwardsville, Illinois 62025
(618) 656-2146 Fax (618) 656-2147

One Westbury Drive, Suite 420
St. Charles, Missouri 63301
(636) 723-7611 Fax (636) 947-4558



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TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

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David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

INDEPENDENT AUDITOR'S REPORT

To the President and Board of Education
Triad Community Unit School District No. 2
Madison County, Illinois

We have audited the accompanying financial statements of the Triad Community Unit School District No. 2 ("District") as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

233 East Center Drive, P.O. Box 416
Alton, Illinois 62002
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80 Edwardsville Professional Park
Edwardsville, Illinois 62025
(618) 656-2146 Fax (618) 656-2147

One Westbury Drive, Suite 420
St. Charles, Missouri 63301
(636) 723-7611 Fax (636) 947-4558



Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the District on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Board of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and the accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the District as of June 30, 2016, and the respective change in its financial position, on the basis of the financial reporting provisions of the Illinois State Board of Education, on the modified cash basis, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Omitted Disclosure

The District has omitted disclosures required by Governmental Accounting Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this disclosure would affect the financial statements is not reasonably determinable.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Triad Community Unit School District No. 2's basic financial statements. The schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of Triad Community Unit School District No. 2. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements of the District.

Such information, except for the Schedule of Per Capita Tuition Charge and Average Daily Attendance (Unaudited), is the responsibility of management and has been derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Schedule of Federal Awards Comparative Information

The June 30, 2015 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to auditing procedures applied by us and our report dated September 30, 2015, expressed an unmodified opinion that such information was fairly stated in all material respects in relation to the June 30, 2015 financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C. J. Schloman & Company LLC

Certified Public Accountants
Alton, Illinois
October 5, 2016

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the President and Board of Education of
Triad Community Unit School District No. 2
Madison County, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Triad Community Unit School District No. 2 ("District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2016. Our opinion was adverse because financial statements were not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated, except for the effects of the omitted disclosures required by Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, on the modified cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C. J. Schlemmer & Company LLC

Certified Public Accountants

Alton, IL

October 5, 2016



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Board of Education
Triad Community Unit School District No. 2
Madison County, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Triad Community Unit School District No. 2's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2016.

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St. Charles, Missouri 63301
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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance what we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C. J. Schuman / Cjg LLC

Certified Public Accountants

Alton, IL

October 5, 2016

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS STATEMENT OF POSITION AS OF JUNE 30, 2016

ASSETS	Educational	Operations & Maintenance	Debt Service	Transportation	IMRF/Social Security	Working Cash	Tort	Fire Prevention & Safety	Agency	Account Groups	
										General Fixed Assets	General Long-Term Debt
Cash	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	835,228	32,476	469,920	100,964	491,524	751,443	395,955	169,071	336,882	-	-
Interfund Receivables	-	-	-	-	-	200,000	-	-	-	-	-
General Fixed Assets	-	-	-	-	-	-	-	-	-	97,425,647	-
Amount Available in Debt Service Fund	-	-	-	-	-	-	-	-	-	-	469,920
Amount to be Provided for Payment of Bonds	-	-	-	-	-	-	-	-	-	-	58,822,382
Total Assets	\$ 845,228	\$ 32,476	\$ 469,920	\$ 100,964	\$ 491,524	\$ 951,443	\$ 395,955	\$ 169,071	\$ 336,882	\$ 97,425,647	\$ 59,292,302
<u>LIABILITIES AND FUND EQUITY</u>											
Liabilities:											
Due to Activity Fund Organizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,882	\$ -	\$ -
Interfund Payables	-	-	-	200,000	-	-	-	-	-	-	-
Long-Term Liabilities	-	-	-	-	-	-	-	-	-	-	59,292,302
Total Liabilities	-	-	-	200,000	-	-	-	-	336,882	-	59,292,302
Fund Equity:											
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	97,425,647	-
Fund Balance:											
Reserved	-	-	-	-	266,082	-	-	-	-	-	-
Unreserved	845,228	32,476	469,920	(99,036)	225,442	951,443	395,955	169,071	-	-	-
Total Fund Balance	845,228	32,476	469,920	(99,036)	491,524	951,443	395,955	169,071	-	97,425,647	-
Total Liabilities and Fund Equity	\$ 845,228	\$ 32,476	\$ 469,920	\$ 100,964	\$ 491,524	\$ 951,443	\$ 395,955	\$ 169,071	\$ 336,882	\$ 97,425,647	\$ 59,292,302

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE ALL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Educational	Operations & Maintenance	Debt Service	Transportation	IMRF/ Social Security	Working Cash	Tort	Fire Prevention & Safety
Receipts:								
Local Sources	\$ 10,612,452	\$ 2,191,321	\$ 5,819,705	\$ 898,164	\$ 1,111,948	\$ 221,944	\$ 1,325,178	\$ 218,746
State Sources	8,899,849	718,499	-	962,743	-	-	-	-
Federal Sources	1,609,359	-	-	-	-	-	-	-
Total Direct Receipts	21,121,660	2,909,820	5,819,705	1,860,907	1,111,948	221,944	1,325,178	218,746
Receipts for On-Behalf Payments	9,322,224	-	-	-	-	-	-	-
Total Receipts	30,443,884	2,909,820	5,819,705	1,860,907	1,111,948	221,944	1,325,178	218,746
Disbursements:								
Instruction	16,604,812	-	-	-	326,439	-	-	-
Support Services	6,143,130	3,012,341	-	2,077,536	670,230	-	1,510,071	148,067
Community Services	264,874	-	-	-	42,889	-	-	-
Nonprogrammed Charges	7,819	-	-	-	-	-	-	-
Debt Services	53,386	-	5,778,343	82,277	-	41,321	-	-
Total Direct Disbursements	23,074,021	3,012,341	5,778,343	2,159,813	1,039,558	41,321	1,510,071	148,067
Disbursements for On-Behalf Payments	9,322,224	-	-	-	-	-	-	-
Total Disbursements	32,396,245	3,012,341	5,778,343	2,159,813	1,039,558	41,321	1,510,071	148,067
Excess of Receipts Over (Under) Disbursements	(1,952,361)	(102,521)	41,362	(298,906)	72,390	180,623	(184,893)	70,679
Other Financing Sources (Uses):								
Transfers from Other Funds	2,599	-	(2,167)	-	(432)	-	-	-
Proceeds from Debt	168,688	-	-	213,207	-	2,545,000	-	-
Working Cash Fund Abatement	2,500,000	-	-	-	-	(2,500,000)	-	-
Total Other Financing Sources (Uses)	2,671,287	-	(2,167)	213,207	(432)	45,000	-	-
Excess of Receipts and Other Financing Uses Over (Under) Disbursements	718,926	(102,521)	39,195	(85,699)	71,958	225,623	(184,893)	70,679
Fund Balance, Beginning of Year	126,302	134,997	430,725	(13,337)	419,566	725,820	580,848	98,392
Fund Balance, End of Year	\$ 845,228	\$ 32,476	\$ 469,920	\$ (99,036)	\$ 491,524	\$ 951,443	\$ 395,955	\$ 169,071

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

**STATEMENT OF CASH RECEIPTS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Educational</u>	<u>Operations & Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>IMRF/ Social Security</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention & Safety</u>
Receipts:								
Local Sources:								
Property Taxes:								
General Levy	\$ 8,185,871	\$ 2,185,776	\$ 5,817,253	\$ 874,307	\$ 546,828	\$ 218,572	\$ 1,324,371	\$ 218,572
Leasing Levy	218,572	-	-	-	-	-	-	-
Special Education Levy	174,865	-	-	-	-	-	-	-
Social Security/Medicare Only Levy	-	-	-	-	527,475	-	-	-
Total Property Taxes	<u>8,579,308</u>	<u>2,185,776</u>	<u>5,817,253</u>	<u>874,307</u>	<u>1,074,303</u>	<u>218,572</u>	<u>1,324,371</u>	<u>218,572</u>
Payments in Lieu of Taxes:								
Mobile Home Privilege Tax	415	108	285	43	52	11	64	11
Corporate Personal Property Replacement Taxes	235,945	-	-	-	36,700	-	-	-
Total Payments in Lieu of Taxes	<u>236,360</u>	<u>108</u>	<u>285</u>	<u>43</u>	<u>36,752</u>	<u>11</u>	<u>64</u>	<u>11</u>
Tuition	<u>27,756</u>	-	-	-	-	-	-	-
Transportation Fees	-	-	-	23,384	-	-	-	-
Earnings on Investments	<u>4,521</u>	<u>641</u>	<u>2,167</u>	<u>350</u>	<u>893</u>	<u>3,361</u>	<u>743</u>	<u>163</u>
Food Services	<u>761,503</u>	-	-	-	-	-	-	-
District Activity Income	<u>595,358</u>	-	-	-	-	-	-	-
Textbooks	<u>310,174</u>	-	-	-	-	-	-	-
Other:								
Rentals	-	615	-	-	-	-	-	-
Contributions and Donations from Private Sources	37,103	-	-	-	-	-	-	-
Refund of Prior Years' Expenditures	10,022	-	-	-	-	-	-	-
Driver's Education Fees	31,900	-	-	-	-	-	-	-
Proceeds from Vendors' Contracts	6,000	-	-	-	-	-	-	-
Other	12,447	4,181	-	80	-	-	-	-
Total Other	<u>97,472</u>	<u>4,796</u>	-	<u>80</u>	-	-	-	-
Total Receipts from Local Sources	<u>10,612,452</u>	<u>2,191,321</u>	<u>5,819,705</u>	<u>898,164</u>	<u>1,111,948</u>	<u>221,944</u>	<u>1,325,178</u>	<u>218,746</u>
State Sources:								
Unrestricted Grants-in-Aid:								
General State Aid	6,943,606	718,499	-	-	-	-	-	-
Restricted Grants-in-Aid:								
Special Education - Private Facility Tuition	432,011	-	-	-	-	-	-	-
Special Education - Extraordinary	446,609	-	-	-	-	-	-	-
Special Education - Personnel	609,007	-	-	-	-	-	-	-
Special Education - Orphanage - Individual	79,710	-	-	-	-	-	-	-
Special Education - Orphanage - Summer	2,664	-	-	-	-	-	-	-

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

**STATEMENT OF CASH RECEIPTS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Educational</u>	<u>Operations & Maintenance</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>IMRF/ Social Security</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention & Safety</u>
Receipts (continued):								
State Sources (continued):								
Restricted Grants-in-Aid (continued):								
Special Education - Summer School	7,673	-	-	-	-	-	-	-
Career and Technical Education	75,656	-	-	-	-	-	-	-
State Free Lunch and Breakfast	3,023	-	-	-	-	-	-	-
Driver Education	55,751	-	-	-	-	-	-	-
Transportation - Regular/Vocational	-	-	-	358,164	-	-	-	-
Transportation - Special Education	-	-	-	604,579	-	-	-	-
Early Childhood - Block Grant	241,965	-	-	-	-	-	-	-
Other Restricted Grants-in-Aid	2,174	-	-	-	-	-	-	-
Total Restricted Grants-in-Aid	<u>1,956,243</u>	<u>-</u>	<u>-</u>	<u>962,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts from State Sources	<u>8,899,849</u>	<u>718,499</u>	<u>-</u>	<u>962,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Federal Sources:								
Restricted Grants-in-Aid Received From								
Federal Government Through the State:								
Food Services	440,163	-	-	-	-	-	-	-
Title I	273,078	-	-	-	-	-	-	-
Federal Special Education	643,024	-	-	-	-	-	-	-
CTE - Perkins	18,804	-	-	-	-	-	-	-
Title II - Teacher Quality	52,846	-	-	-	-	-	-	-
Medicaid Matching Funds - Administrative Outreach	56,852	-	-	-	-	-	-	-
Medicaid Matching Funds - Fee-For-Service Program	99,710	-	-	-	-	-	-	-
Department of Rehabilitation Services	<u>24,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted Grants-in-Aid Received from Federal Government through the State	<u>1,609,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>\$ 21,121,660</u>	<u>\$ 2,909,820</u>	<u>\$ 5,819,705</u>	<u>\$ 1,860,907</u>	<u>\$ 1,111,948</u>	<u>\$ 221,944</u>	<u>\$ 1,325,178</u>	<u>\$ 218,746</u>

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

**STATEMENT OF CASH DISBURSEMENTS, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Total	Budget
Educational Fund:									
Instruction:									
Regular Programs	\$ 10,154,221	\$ 902,267	\$ 156,908	\$ 253,466	\$ 29,112	\$ 187	\$ -	\$ 11,496,161	\$ 11,774,150
Pre-K Programs	268,433	15,449	-	2,378	-	-	-	286,260	299,600
Special Education Programs	2,604,170	188,792	6,983	28,875	33,967	-	-	2,862,787	3,002,550
Special Education Programs Pre-K	167,649	7,689	-	2,081	-	-	-	177,419	175,300
Remedial and Supplemental Programs K - 12	208,079	71,925	6,645	2,046	-	-	-	288,695	251,300
Interscholastic Programs	317,399	5,846	46,328	26,317	-	15,221	-	411,111	403,150
Summer School Programs	34,884	526	-	-	-	-	-	35,410	51,900
Driver's Education Programs	97,257	6,365	3,498	16,191	-	2,500	-	125,811	122,800
Special Education Programs K-12 - Private Tuition	-	-	-	-	-	921,158	-	921,158	950,000
Total Instruction	13,852,092	1,198,859	220,362	331,354	63,079	939,066	-	16,604,812	17,030,750
Support Services:									
Pupils:									
Attendance & Social Work Services	238,153	28,983	246	-	-	-	-	267,382	270,700
Guidance Services	295,074	20,336	1,870	2,003	-	80	-	319,363	328,900
Health Services	302,615	30,294	43,168	11,944	8,437	-	-	396,458	364,800
Psychological Services	239,436	23,389	588	5,027	-	-	-	268,440	279,900
Speech Pathology & Audiology	357,119	38,771	8,684	11,615	-	-	-	416,189	417,500
Other	112,763	2,490	-	-	-	-	-	115,253	117,800
Total Support Services - Pupils	1,545,160	144,263	54,556	30,589	8,437	80	-	1,783,085	1,779,600
Instructional Staff:									
Improvement of Instruction Services	101,845	8,719	33,924	3,890	-	120	-	148,498	167,400
Educational Media Services	344,966	21,135	240,726	73,733	355,808	-	-	1,036,368	901,300
Total Support Services - Instructional Staff	446,811	29,854	274,650	77,623	355,808	120	-	1,184,866	1,068,700
General Administration:									
Board of Education Services	-	-	72,432	3,240	-	5,425	-	81,097	86,700
Executive Administration Services	608,426	37,888	22,168	4,236	728	2,622	-	676,068	707,500
Special Area Administration Services	137,487	7,424	11,663	56	-	130	-	156,760	167,250
Total Support Services - General Administration	745,913	45,312	106,263	7,532	728	8,177	-	913,925	961,450
School Administration:									
Office of the Principal Services	1,126,487	82,329	8,924	14,309	-	4,883	-	1,236,932	1,327,000
Total Support Services - School Administration	1,126,487	82,329	8,924	14,309	-	4,883	-	1,236,932	1,327,000

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

STATEMENT OF CASH DISBURSEMENTS, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Total	Budget
<u>Educational Fund: (Continued)</u>									
Business:									
Direction of Business Support Services	-	-	-	-	-	10,220	-	10,220	17,000
Food Services	-	-	1,008,474	5,628	-	-	-	1,014,102	1,089,900
Total Support Services - Business	-	-	1,008,474	5,628	-	10,220	-	1,024,322	1,106,900
Total Support Services	3,864,371	301,758	1,452,867	135,681	364,973	23,480	-	6,143,130	6,243,650
Community Services	248,815	1,819	3,287	10,953	-	-	-	264,874	211,750
Total Community Services	248,815	1,819	3,287	10,953	-	-	-	264,874	211,750
Nonprogrammed Charges:									
Payments to Other Government Units (In-State):									
Payments for Special Education Programs	-	-	-	-	-	5,530	-	5,530	6,000
Other Payments to In-State Govt. Units	-	-	-	-	-	2,289	-	2,289	3,300
Total Payments to Other Government Units (In-State)	-	-	-	-	-	7,819	-	7,819	9,300
Total Nonprogrammed Charges	-	-	-	-	-	7,819	-	7,819	9,300
Debt Services:									
Principal and Interest	-	-	-	-	-	53,386	-	53,386	-
Total Debt Services	-	-	-	-	-	53,386	-	53,386	-
Total Disbursements	\$ 17,965,278	\$ 1,502,436	\$ 1,676,516	\$ 477,988	\$ 428,052	\$ 1,023,751	\$ -	\$ 23,074,021	\$ 23,495,450
<u>Operations and Maintenance Fund:</u>									
Support Services:									
Business:									
Operation and Maintenance of Plant Services	\$ 1,205,835	\$ 134,100	\$ 313,401	\$ 1,010,420	\$ 348,585	\$ -	\$ -	\$ 3,012,341	\$ 3,016,400
Total Support Services	1,205,835	134,100	313,401	1,010,420	348,585	-	-	3,012,341	3,016,400
Total Disbursements	\$ 1,205,835	\$ 134,100	\$ 313,401	\$ 1,010,420	\$ 348,585	\$ -	\$ -	\$ 3,012,341	\$ 3,016,400

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

**STATEMENT OF CASH DISBURSEMENTS, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Total	Budget
<u>Bond and Interest Fund:</u>									
Debt Services:									
Interest on Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,908,343	\$ -	\$ 1,908,343	\$ 1,908,500
Bond Principal Retired	-	-	-	-	-	3,870,000	-	3,870,000	3,870,000
Total Debt Services	-	-	-	-	-	5,778,343	-	5,778,343	5,778,500
Total Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,778,343	\$ -	\$ 5,778,343	\$ 5,778,500
<u>Transportation Fund:</u>									
Support Services:									
Business:									
Pupil Transportation Services	\$ 611,707	\$ 4,464	\$ 1,053,153	\$ 195,005	\$ 213,207	\$ -	\$ -	\$ 2,077,536	\$ 1,914,550
Total Support Services	611,707	4,464	1,053,153	195,005	213,207	-	-	2,077,536	1,914,550
Payments to Other Dist & Govt Units:									
In-State:									
Payments for Special Education Programs	-	-	-	-	-	-	-	-	20,000
Total Payments to Other Dist & Govt Units	-	-	-	-	-	-	-	-	20,000
Debt Services:									
Principal Retired	-	-	-	-	-	74,676	-	74,676	-
Interest	-	-	-	-	-	7,601	-	7,601	-
Total Debt Services	-	-	-	-	-	82,277	-	82,277	-
Total Disbursements	\$ 611,707	\$ 4,464	\$ 1,053,153	\$ 195,005	\$ 213,207	\$ 82,277	\$ -	\$ 2,159,813	\$ 1,934,550
<u>Municipal Retirement/Social Security Fund:</u>									
Instruction:									
Regular Programs	\$ -	\$ 152,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,676	\$ 167,650
Pre-K Programs	-	21,646	-	-	-	-	-	21,646	18,600
Special Education Programs	-	112,133	-	-	-	-	-	112,133	116,850
Special Education Programs - Pre-K	-	12,289	-	-	-	-	-	12,289	12,800
Remedial and Supplemental Programs - K-12	-	9,763	-	-	-	-	-	9,763	10,900
Interscholastic Programs	-	13,959	-	-	-	-	-	13,959	12,100
Summer School	-	2,563	-	-	-	-	-	2,563	3,000
Driver's Education Programs	-	1,410	-	-	-	-	-	1,410	1,400
Total Instruction	-	326,439	-	-	-	-	-	326,439	343,300

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

**STATEMENT OF CASH DISBURSEMENTS, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Total	Budget
<u>Municipal Retirement/Social Security Fund: (Continued)</u>									
Support Services:									
Pupils:									
Attendance & Social Work Services	-	3,258	-	-	-	-	-	3,258	3,300
Guidance Services	-	8,800	-	-	-	-	-	8,800	8,950
Health Services	-	28,928	-	-	-	-	-	28,928	27,900
Psychological Services	-	3,357	-	-	-	-	-	3,357	5,500
Speech Pathology & Audiology Services	-	5,075	-	-	-	-	-	5,075	5,100
Other	-	2,108	-	-	-	-	-	2,108	2,300
Total Support Services - Pupils	-	51,526	-	-	-	-	-	51,526	53,050
Instructional Staff:									
Improvement of Instruction Services	-	1,477	-	-	-	-	-	1,477	1,500
Educational Media Services	-	51,415	-	-	-	-	-	51,415	57,500
Total Support Services - Instructional Staff	-	52,892	-	-	-	-	-	52,892	59,000
General Administration:									
Executive Administration Services	-	60,718	-	-	-	-	-	60,718	61,000
Service Area Administration Services	-	11,456	-	-	-	-	-	11,456	15,900
Educational, Inspectional, Supervisory Services Related to Loss Prevention or Reduction	-	67,234	-	-	-	-	-	67,234	69,100
Total Support Services - General Administration	-	139,408	-	-	-	-	-	139,408	146,000
School Administration:									
Office of the Principal Services	-	63,124	-	-	-	-	-	63,124	67,600
School Administration	-	63,124	-	-	-	-	-	63,124	67,600
Business:									
Operation and Maintenance of Plant Services	-	245,501	-	-	-	-	-	245,501	250,400
Pupil Transportation Services	-	117,779	-	-	-	-	-	117,779	112,900
Total Support Services - Business	-	363,280	-	-	-	-	-	363,280	363,300
Total Support Services	-	670,230	-	-	-	-	-	670,230	688,950
Community Services	-	42,889	-	-	-	-	-	42,889	41,900
Total Disbursements	\$ -	\$ 1,039,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,039,558	\$ 1,074,150

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

**STATEMENT OF CASH DISBURSEMENTS, BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non-Capitalized Equipment</u>	<u>Total</u>	<u>Budget</u>
<u>Tort Fund:</u>									
Support Services:									
General Administration:									
Workers' Compensation or Workers'									
Occupation Disease Acts Payments	\$ -	\$ -	\$ 186,047	\$ -	\$ -	\$ -	\$ -	\$ 186,047	\$ 183,000
Unemployment Insurance	-	-	3,682	-	-	-	-	3,682	10,000
Insurance Payments	-	-	75,697	-	-	-	-	75,697	72,000
Risk Management and Claims Services Payments	-	-	13,565	-	-	-	-	13,565	12,800
Educational, Inspectional, Supervisory Services									
Related to Loss Prevention or Reduction	789,054	58,696	246,374	1,808	-	-	-	1,095,932	1,163,600
Legal Services	-	-	25,533	-	-	-	-	25,533	24,000
Property Insurance	-	-	75,780	-	-	-	-	75,780	76,000
Vehicle Insurance	-	-	33,835	-	-	-	-	33,835	31,000
Total Support Services	<u>789,054</u>	<u>58,696</u>	<u>660,513</u>	<u>1,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,510,071</u>	<u>1,572,400</u>
Total Disbursements	<u>\$ 789,054</u>	<u>\$ 58,696</u>	<u>\$ 660,513</u>	<u>\$ 1,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,510,071</u>	<u>\$ 1,572,400</u>
<u>Fire Prevention and Safety Fund:</u>									
Support Services:									
Business:									
Facilities Acquisition and									
Construction Services	\$ -	\$ -	\$ 25,708	\$ -	\$ 122,359	\$ -	\$ -	\$ 148,067	\$ 168,000
Total Support Services -									
Business	-	-	25,708	-	122,359	-	-	148,067	168,000
Total Support Services	<u>-</u>	<u>-</u>	<u>25,708</u>	<u>-</u>	<u>122,359</u>	<u>-</u>	<u>-</u>	<u>148,067</u>	<u>168,000</u>
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,708</u>	<u>\$ -</u>	<u>\$ 122,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,067</u>	<u>\$ 168,000</u>

See Notes to Financial Statements

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Triad Community Unit School District No. 2 have been prepared using the regulatory basis of accounting as allowed by state statute. The more significant of the District's accounting policies are described below.

(a) Financial Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District participates in a joint venture for vocational reimbursements services. This joint agreement is the Madison County Career and Technical Education System. The District has a voting member on the Board of the joint agreement from which it receives vocational reimbursements services. The District has no other financial interest in the joint agreement. The joint agreement is separately audited and is not included in these financial statements. The financial statements for the joint agreement can be obtained from the joint agreement.

(b) Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from modified cash basis transactions), fund balance, receipts and disbursements. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

the means by which spending activities are controlled. The District uses the following fund types and account groups:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (arising from modified cash basis transactions) are accounted for through governmental funds.

The Educational Fund and the Operations and Maintenance Fund are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds, which includes the Transportation Fund, the Municipal Retirement/Social Security Fund, the Tort Immunity Fund and the Fire Prevention and Safety Fund, are used to account for cash received from specific sources (other than those accounted for in the Debt Services Fund or Fiduciary Funds) that is legally restricted to cash disbursements for specified purposes.

The Debt Services Fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to the operating funds.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The Agency Fund (Activity Fund) includes both Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

General Fixed Assets and General Long-Term Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

(c) Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the modified cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

The financial statements of all governmental funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

(d) Budgets and Budgetary Accounting

The budget for all governmental fund types is prepared on the modified cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Act 5, Article 17-1 of the Illinois Compiled Statutes. The budget was passed on September 28, 2015.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures to be disbursed and the means of financing them.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total for such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

(e) Investments

The District is authorized by state statute to invest in obligations of the United States of America, interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies, or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities.

Investments are stated at fair value, which equals cost. Gains or losses on the sale of investments are recognized upon realization. The District invests in NOW accounts, interest-bearing checking accounts, certificates of deposit, ISDLAF funds, and money market funds. The institutions in which investments are made must be approved by the Board of Education.

(f) General Fixed Assets

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as expenditures disbursed in the Governmental or Activity Funds and capitalized at cost in the General Fixed Assets Account Group. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge). The District has set \$500 as the capitalization threshold for determining capital outlay additions. The Districts depreciates all assets over the estimated useful lives using the straight-line basis.

(g) Fund Balance Reporting

In accordance with Government Accounting Standards, fund balances are classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Model, followed by the District, only reports Reserved and

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion" includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the District, all such items are expensed at the time of purchase, so there is nothing to report in this classification.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories.

1) Special Education -

Cash receipts and disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

2) Social Security/Municipal Retirement -

Cash disbursed and received of these restricted tax levies are accounted for in the Municipal Retirement/Social Security Fund. Revenue received exceeded expenditures disbursed for Social Security, resulting in a restricted fund balance of \$266,082. This balance is included in the financial statements as reserved in the Municipal Retirement/Social Security Fund.

3) Property Tax Restrictions -

Other special revenue funds and the debt service fund balances are comprised of property tax or state revenues that are required to be spent in accordance with the designated levy or other revenue source.

4) Grants -

Proceeds from grants and the related expenditures have been included in the Educational Fund and the Operations & Maintenance Fund. At June 30, 2016, expenditures disbursed exceeded revenue received for the Education Fund and the Operations & Maintenance Fund, resulting in no restricted fund balance.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The School Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for satisfying those contractual requirements.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned fund balance amounts are reported in the financial statements as unreserved fund balances in the Educational, Operations and Maintenance, and Working Cash Funds.

F. Regulatory – Fund Balance Definitions

Reserved Fund Balances are those balances that are reserved for a specified purpose, other than the regular purpose of any given fund. Unreserved fund balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

G. Reconciliation of Fund Balance Reporting

The first five columns of the following table represent Fund Balance Reporting according to generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Fund</u>	<u>Generally Accepted Accounting Principles</u>					<u>Regulatory Basis</u>	
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Financial Statements Reserved</u>	<u>Financial Statements Unreserved</u>
Education	\$ -	\$ -	\$ -	\$ -	\$ 845,228	\$ -	\$ 845,228
Operations & Maintenance	-	-	-	-	32,476	-	32,476
Debt Service	-	469,920	-	-	-	-	469,920
Transportation	-	-	-	-	(99,036)	-	(99,036)
IMRF/Social	-	491,524	-	-	-	266,082	225,442
Working Cash	-	-	-	-	951,443	-	951,443
Tort Liability	-	395,955	-	-	-	-	395,955
Fire & Safety	-	169,071	-	-	-	-	169,071
	<u>\$ -</u>	<u>\$ 1,526,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,730,111</u>	<u>\$ 266,082</u>	<u>\$ 2,990,499</u>

H. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

NOTE 2: CASH AND INVESTMENTS

At June 30, 2016, the carrying amount of the District's deposits was \$3,450,692 and the bank balance was \$4,297,841. The deposits were comprised of checking accounts, money market accounts and NOW accounts.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires collateralization of all deposits in excess of FDIC coverage. As of June 30, 2016, all of the District's deposits were either covered by FDIC insurance or collateralized with investments held in the District's name. Deposit amounts exceeding FDIC coverage of \$250,000 but collateralized with investments held in the District's name were \$3,516,053.

As of June 30, 2016, the District had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
ISDLAF (external investment pool)	--	\$ 771
Sweep accounts	--	142,000
		142,771
Deposits as reported above		3,450,692
Total deposits and investments		<u>\$ 3,593,463</u>

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and is not registered

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

with the SEC. The funds are monitored regularly through the State by internal and external audits. The funds objectives are to provide a competitive yield for participants while it maintains liquidity and preserves capital. The fund is designed as a comprehensive cash management program exclusively for Illinois public school entities. The fair value of the District's position in the fund is the same as the value of the fund's shares.

Interest Rate Risk. The District's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of June 30, 2016, the District had the following credit risk.

<u>Investment</u>	<u>Ratings</u>	
	<u>S&P</u>	<u>Moody's</u>
ISDLAF	AAAm	N/A

Concentration of Credit Risk. As of June 30, 2016, the District did not have a concentration of credit risk.

Foreign Currency Risk. As of June 30, 2016, the District did not have a foreign currency risk.

NOTE 3: GENERAL FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	<u>July 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2016</u>
Land	\$ 1,546,130	\$ -	\$ -	\$ 1,546,130
Land Improvements	2,150,191	67,267	-	2,217,458
Building and Improvements	88,837,263	333,794	-	89,171,057
Other Equipment	2,399,315	485,622	363,653	2,521,284
Transportation Equipment	<u>1,869,998</u>	<u>225,520</u>	<u>125,800</u>	<u>1,969,718</u>
Total	<u>\$ 96,802,897</u>	<u>\$ 1,112,203</u>	<u>\$ 489,453</u>	<u>\$ 97,425,647</u>

Depreciation accounting is not considered applicable (except to determine the per capita tuition charge). For purposes of the per capita tuition charge, depreciation expense is calculated using the straight line method and is \$2,107,125 for the year ended June 30, 2016. Total accumulated depreciation as of June 30, 2016 is \$32,997,544.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: PROPERTY TAXES

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The Board passed the 2014 levy on December 14, 2015. Property taxes attach as an enforceable lien on property as of January 1 and are payable in four installments approximately one and two months after billing by the County. The District receives significant distributions of tax receipts beginning in June and July of each year. Property taxes recorded in these financial statements are from the 2015 and prior tax levies.

The following are the tax rate limits permitted by the Illinois School Code and by local referendum and the actual rates levied per \$100 of assessed valuations, extensions and collections:

	Rate Limit	Tax Levy Years		
		2015	2014	2013
Tax Rates by Levy:				
Educational	\$ 2.3400	\$ 2.3400	\$ 1.8400	\$ 1.8400
Operations and Maintenance	0.5000	0.5000	0.5000	0.5000
Bond and Interest	No Limit	1.4371	1.3233	1.3010
Transportation	0.2000	0.2000	0.2000	0.2000
Municipal Retirement	No Limit	0.1795	0.1213	0.1228
Social Security	No Limit	0.0942	0.1225	0.1240
Working Cash	0.0500	0.0500	0.0500	0.0500
Tort Immunity	No Limit	0.3813	0.2975	0.3012
Special Education	0.0400	0.0400	0.0400	0.0400
Fire Prevention and Safety	0.0500	0.0500	0.0500	0.0500
Lease	0.0500	0.0500	0.0500	0.0500
Total		<u>\$ 5.3221</u>	<u>\$ 4.5946</u>	<u>\$ 4.5790</u>
Assessed Valuation		<u>\$ 445,904,177</u>	<u>\$ 437,041,155</u>	<u>\$ 431,726,239</u>
Tax Extensions by Levy:				
Educational		\$ 10,434,158	\$ 8,041,557	\$ 7,943,763
Operations and Maintenance		2,229,521	2,185,206	2,158,631
Bond and Interest		6,408,088	5,783,366	5,616,758
Transportation		891,808	874,082	863,452
Municipal Retirement		800,398	530,131	530,160
Social Security		420,042	535,375	535,341
Working Cash		222,952	218,521	215,863
Tort Immunity		1,700,233	1,300,197	1,300,359
Special Education		178,362	174,816	172,691
Fire Prevention and Safety		222,952	218,521	215,863
Lease		222,952	218,521	215,863
Total		<u>\$ 23,731,466</u>	<u>\$ 20,080,293</u>	<u>\$ 19,768,744</u>
Tax Collections:				
Year Ended June 30,				
2016		\$ 1,513,303	\$ 18,779,159	\$ -
2015		-	1,262,080	18,094,479
2014		-	-	1,619,400
Total		<u>\$ 1,513,303</u>	<u>\$ 20,041,239</u>	<u>\$ 19,713,879</u>
Percent of Total Levy Collected		<u>6.38%</u>	<u>99.81%</u>	<u>99.72%</u>

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: RETIREMENT FUND COMMITMENTS

(a) Teacher's Retirement System of the State of Illinois

Plan description

The employer participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2016, State of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$9,137,825 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$99,954.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$197,860 were paid from federal and special trust funds that required employer contributions of \$71,348.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the employer made a payment of \$63,589 to TRS for employer ERO contributions.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the employer did not make any payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

Pension Liabilities and Pension Expense

At June 30, 2016, the employer discloses a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employer's proportionate share of the net pension liability	\$ 3,093,556
State's proportionate share of the net pension liability associated with the employer	<u>111,534,227</u>
Total	<u>\$ 114,627,783</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the employer's proportion was .004722 which was an increase of .00065 from its proportion measured as of June 30, 2014.

Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	Varies by service credit
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on the updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18%	7.53%
Global equity excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic real estate	4%	9.09%
ARS	8%	2.57%
Risk parity	8%	4.87%
Diversified inflation strategy	1%	3.26%
Private equity	14%	12.33%
Total	<u>100%</u>	

Discount rate

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.5 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 3,822,876	\$ 3,093,556	\$ 2,495,493

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

(b) Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2015 was 11.86 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Covered Employees. The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	143
Inactive, non-Retired Members	119
Active Members	<u>168</u>
Total	<u>430</u>

Discount Rate. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.45%.

Actuarial Valuation Date	12/31/15
Measurement Date of the Net Pension Liability	12/31/15
Fiscal Year End	06/30/16

Development of the Single Discount Rate as of December 31, 2015	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.57%
Last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded	2080
Resulting Single Discount Rate based on the above development	7.45%
Single Discount Rate calculated using December 31, 2014 Measurement Date	7.47%

The Long-Term Municipal Bond Rate is based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2015.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 year closed period until remaining period reaches 15 years Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Health Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net Pension Liability. The following is a summary of the Net Pension Liability as disclosed in the financial statements.

Total pension liability	
Service Cost	\$ 461,053
Interest on the Total Pension Liability	1,445,592
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	852,472
Changes of assumptions	48,048
Benefit payments, including refunds of employee contributions	(1,014,011)
Net change in total pension liability	\$ 1,793,154
Total pension liability - beginning	19,628,451
Total pension liability - ending	<u>\$ 21,421,605</u>
Plan fiduciary net position	
Contributions - employer	\$ 497,344
Contributions - employee	238,977
Net investment income	86,229
Benefit payments, including refunds of employee contributions	(1,014,011)
Other (Net Transfer)	319,360
Net change in plan fiduciary net position	\$ 127,899
Plan fiduciary net position - beginning	17,384,628
Plan fiduciary net position - ending	<u>\$ 17,512,527</u>
Net pension liability/(asset)	<u>\$ 3,909,078</u>
Plan fiduciary net position as a percentage of the total pension liability	
	81.75%
Covered valuation payroll	\$ 4,192,496
Net pension liability as a percentage of covered valuation payroll	
	93.24%

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.45%</u>	<u>7.45%</u>	<u>8.45%</u>
Total Pension Liability	\$ 24,025,992	\$ 21,421,605	\$ 19,251,584
Plan Fiduciary Net Position	<u>17,512,527</u>	<u>17,512,527</u>	<u>17,512,527</u>
Net Pension Liability/(Asset)	<u>\$ 6,513,465</u>	<u>\$ 3,909,078</u>	<u>\$ 1,739,057</u>

(c) Social Security

Employees not qualifying for coverage under the State of Illinois Teacher's Retirement System are covered under Social Security. The District paid \$544,646, the total required contribution for the current fiscal year.

NOTE 6: LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District for the year ended June 30, 2016:

	Bonds Payable	Lease/ Purchase Commitments	Total
Payable at Beginning of Year	\$ 60,144,675	\$ 313,183	60,457,858
Issued During the Year	19,960,000	381,895	20,341,895
Accreted Interest	1,061,458	-	1,061,458
Retired During the Year	<u>22,445,000</u>	<u>123,909</u>	<u>22,568,909</u>
Payable at End of Year	<u>\$ 58,721,133</u>	<u>\$ 571,169</u>	<u>\$ 59,292,302</u>

As of June 30, 2016, the District had the following general obligation debt service requirements:

Bonds Payable

General Obligation School Refunding Bonds, Series 2005, issue dated March 15, 2005 provides for the retirement of principal at the rate of \$2,405,000 to \$2,510,000 per annum. Interest is payable on July 1 and January 1 of each year at the rate of 5.25%. These bonds were issued to refund portions of Series 1997 and Series 1998 bond issues.

\$ 4,915,000

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Local Government Program Revenue Bonds, Series 2006, issue dated June 1, 2006 provides for the retirement of principal at the rate of \$1,315,000 to \$8,600,000 per annum. The issue provides for retirement of principal and accreted discount on October 1 of each year. Interest is payable on April 1 and October 1 of each year at the rate of 4.25% to 5.00% per annum. A portion of the bonds is recorded as a deep discount instrument. This debt is reflected at its face amount less the discount, which is presented as a direct deduction. The discount is accreted over the life of the bonds using the interest method.

\$ 30,286,133

General Obligation Refunding Bonds, Series 2008, issue dated September 18, 2008 provides for the retirement of principal at the rate of \$240,000 to \$605,000 per annum. Interest is payable on July 1 and January 1 of each year at the rate of 4.00%. These bonds were issued to refund a Series 1998 bond issue.

\$ 845,000

General Obligation School Bonds, Series 2013, issue dated August 7, 2013 provides for the retirement of principal at the rate of \$50,000 to \$1,020,000 per annum. Interest is payable on April 1 and October 1 of each year at the rate of 3.00% to 4.25%. These bonds were issued for the purpose of altering and reconstructing school buildings and purchasing and installing equipment for fire prevention and safety, energy conservation and school security purposes.

\$ 2,715,000

Taxable General Obligation School Bonds, Series 2016A, issue dated January 7, 2016 provides for the retirement of principal at the rate of \$220,000 to \$885,000 per annum. Interest is payable on April 1 and October 1 of each year at the rate of 1.70% to 2.75%. These bonds were issued for working cash purposes.

\$ 2,545,000

General Obligation Refunding School Bonds, Series 2016B, issue dated January 7, 2016 provides for the retirement of principal at the rate of \$1,375,000 to \$5,890,000 per annum. Interest is payable on April 1 and October 1 of each year at the rate of 4.00% to 5.00%. These bonds were issued to refund a portion of the Series 2006 Bonds.

\$ 17,415,000

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The annual requirements to amortize bonds payable at June 30, 2016 are as follows:

Year Ending <u>June 30,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 4,565,000	\$ 1,838,559
2018	5,380,000	1,456,688
2019	5,640,000	1,230,225
2020	5,890,000	1,017,700
2021	6,205,000	736,975
2022-2026	29,021,133	10,881,367
2027-2028	2,020,000	126,700
	<u>\$ 58,721,133</u>	<u>\$ 17,288,214</u>

On January 7, 2016, the District issued \$17,415,000 in 2016 General Obligation Refunding Bonds with interest rates of 4.00% to 5.00% to advance refund \$18,575,000 of outstanding Local Government Program Revenue Bonds, Series 2006 with interest rates of 4.25% to 5.25%. The proceeds of \$19,444,113 and a District deposit of \$473,550 (net of \$283,047 for the issuance costs, underwriting fees and contingencies) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the 2006 Bonds. The 2006 Bonds will be called on October 1, 2016.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$869,113. The District completed the advance refunding to reduce its total debt service payments by \$1,005,203 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,105,455.

Lease/Purchase Commitments

On November 8, 2013, the District entered into a lease/purchase agreement with the Bank of Edwardsville for \$104,008 to purchase buses. The lease will be paid in semi-annual installments of \$11,010 through January 31, 2019 including interest at 1.98%. Debt payments are expected to be paid out of the Transportation Fund.

\$ 63,834

On August 7, 2014, the District entered into a lease/purchase agreement with the Bank of Edwardsville for \$241,273 to purchase buses and various educational equipment. The lease will be paid in semi-annual installments of \$25,664 through August 7, 2019 including interest at 2.275%. Debt payments are expected to be paid out of the Educational and Transportation Funds.

\$ 171,750

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

On July 20, 2015, the District entered into a lease/purchase agreement with the Bank of Edwardsville for \$213,207 to purchase buses. The lease will be paid in semi-annual installments of \$22,692 through July 1, 2019 including interest at 2.30%. Debt payments are expected to be paid out of the Transportation Fund.

\$ 172,493

On July 15, 2015, the District entered into a lease/purchase agreement with the Bank of Edwardsville for \$58,946 to purchase educational equipment. The lease will be paid in semi-annual installments of \$6,274 through July 15, 2020 including interest at 2.30%. Debt payments are expected to be paid out of the Educational Fund.

\$ 53,350

On August 3, 2015, the District entered into a lease/purchase agreement with the Kansas State Bank for \$65,854 to purchase educational equipment. The lease will be paid in semi-annual installments of \$32,927 through August 3, 2017. Debt payments are expected to be paid out of the Educational Fund.

\$ 65,854

On September 1, 2015, the District entered into a lease/purchase agreement with the Kansas State Bank for \$43,888 to purchase educational equipment. The lease will be paid in semi-annual installments of \$21,944 through September 1, 2017. Debt payments are expected to be paid out of the Educational Fund.

\$ 43,888

The District is a lessee of technology equipment and buses under leases expiring in fiscal year 2021. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are depreciated over their estimated productive lives, which is also equivalent to the lease term (5 years). Depreciation of the asset acquired under the capital lease is included in depreciation expense for the year ended June 30, 2016.

The following is a summary of property held under capital leases:

Technology Equipment lease, at cost	\$ 212,848
Bus lease portion, at cost	358,321
Less accumulated depreciation	<u>(192,542)</u>
Total, net	<u>\$ 378,627</u>

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Minimum future lease payments under capital leases as of June 30, 2016, were as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Capital</u> <u>Lease</u> <u>Payments</u>
2017	\$ 163,460
2018	186,152
2019	131,281
2020	60,904
2021	<u>51,658</u>
	593,455
Amount representing interest	<u>(22,286)</u>
Present value of minimum lease payments	<u>\$ 571,169</u>

The interest rates used to determine the present value of minimum lease payments on the capital lease ranged from 1.98% to 2.30%.

The computation of legal debt margin at June 30, 2016 is as follows:

Bonded Debt Limit*	\$ 61,534,776
Bonded Indebtedness	(59,292,302)
Exempted Debt - 2006 Bonds	<u>30,286,133</u>
Legal Debt Margin	<u>\$ 32,528,607</u>

The bonded indebtedness of the District is limited by the School Code to 13.8% of the assessed valuation of taxable tangible property for unit districts.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverages in the past three years.

NOTE 8: INTERFUND TRANSFERS

Interfund transfers for the year ending June 30, 2016 are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Working Cash Fund	Educational Fund	2,500,000
Bond & Interest Fund	Educational Fund	2,167
IMRF/Social Security Fund	Educational Fund	432

These transfers were made to transfer interest income and to transfer amounts to fund short-falls in the Educational Fund.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9: DEFICIT FUND BALANCE

The Transportation Fund has a deficit fund balance of \$99,036 as of June 30, 2016.

NOTE 10: INTERFUND RECEIVABLE

The Transportation Fund owes the Working Cash Fund \$200,000 at June 30, 2016.

NOTE 11: EXPENDITURES IN EXCESS OF BUDGET

The following fund's actual expenditures exceed the approved budget as follows:

	<u>Actual</u>	<u>Budget</u>
Transportation	\$ 2,159,813	\$ 1,934,550

NOTE 12: POSTEMPLOYMENT HEALTHCARE PLAN

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On-behalf contributions. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$184,399, and the District recognized revenue and expenditures of this amount during the year.

Employer contributions. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$137,868 to the THIS Fund, which was 100 percent of the required contribution.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

NOTE 13: SUBSEQUENT EVENTS

The District has evaluated events occurring after the financial statement date through October 5, 2016 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

STATEMENT OF ASSETS AND
LIABILITIES ARISING FROM CASH TRANSACTIONS
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

ASSETS

Cash and Investments	\$ 336,882
----------------------	------------

LIABILITIES AND FUND BALANCE

5K Race	\$ 2,462
ACT Review	1,556
Ag	4,328
Alpha	516
AP Testing	2,819
Art Club	1,413
Band	409
Baseball	391
Bass Fishing	170
Basketball	13,621
Boys Bowling Team	818
Boys Golf	340
Brighter Future	952
Broadcast Club	570
Carmody	4,120
Cheerleaders	20,236
Chem	4,187
Chess Club	136
Chorus	4,636
Class of 2008	121
Class of 2009	253
Class of 2010	578
Class of 2016	1,276
Class of 2017	682
Class of 2018	831
Class of 2019	575
Computer Graphics	280
Concessions	19,928
Co-op	21
Creative Writing	6
Cross Country	(78)

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS ACTIVITY FUNDS

(Continued)

Donation	1,610
Drama	272
Dual Credit	1,826
Dual Credit Scholarship	702
E-Thon	190
Elementary Chorus	959
English	1
Ethics Bowl	905
Fan Bus	33
FCA	712
FCCLA	1,650
Flower	(179)
Football	2,655
French Club	43
Friends of Band	2,960
FTA	234
Girls Basketball	2,722
German Club	271
Girls Bowling Team	634
Girls Golf	405
Girls Soccer	772
Girls Tennis	1,001
Giving Project	488
Guidance Dept-Kapp	937
ID Card	718
Intramural Club	16
Journalism	1,290
Library	884
LinkCrew	(364)
Math	261
Math Team	497
Miscellaneous	2,735
MUNUC	1,334
Music Theatre	8,200
National Honor Society	110
O/P	1,431
P.E.	604
Poms/Dance Team	3,693

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS ACTIVITY FUNDS

(Continued)

Prevention	(86)
Prom	4,766
Red Ribbon	231
Robotics	456
Saturday Scholars	15,902
SC	(1,378)
Scholar Bowl	327
Science Club	901
Skills USA	186
Soccer - Boys	4,658
Social Studies/Barbour	7
Softball	2,008
Spanish Club	283
Spanish Honor	1,028
Special Ed	2,361
Spirit Calvary	2,313
Sport Meals	(879)
Sportmed	(447)
Stacy TLS Mentor	745
Striders	818
Student Service Club	499
Technology Education	253
Tennis	1,025
ThinkB4USpk	748
TLS	2,074
BB Tournament	19,163
Triad Saturday Scholars	(16)
Trimmun	1,361
Ultimate Frisbee	140
Varsity	14,507
Volleyball	2,943
Wrestling	1,811
Yearbook	4,431
Elementary Schools	74,253
Athletics - MS	4,041
Band - MS	2,191
Chorus - MS	4,365

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

STATEMENT OF ASSETS AND
LIABILITIES ARISING FROM CASH TRANSACTIONS
ACTIVITY FUNDS

(Continued)

Flower Fund - MS	84
Library - MS	3,313
Miscellaneous - MS	21
Musical - MS	2,094
Student Council - MS	769
Student Services - MS	22,805
Yearbook - MS	<u>8,442</u>
Total Liabilities	<u>336,882</u>
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 336,882</u>

TRIAD COMMUNITY UNIT SCHOOL DISTRICT NO. 2

**SCHEDULE OF PER CAPITA TUITION CHARGE
AND AVERAGE DAILY ATTENDANCE
(UNAUDITED)**

<u>June 30,</u>	<u>Per Capita Tuition</u>	<u>Allowable Expenses</u>	<u>Average Daily Attendance</u>
2007	\$ 6,464	\$ 23,093,417	3,572.61
2008	8,136	28,956,332	3,558.84
2009	7,640	26,977,277	3,531.03
2010	7,623	26,487,599	3,474.70
2011	7,077	24,233,161	3,424.29
2012	7,515	25,687,092	3,418.30
2013	7,543	25,886,639	3,432.02
2014	7,347	25,341,539	3,448.80
2015	7,643	26,243,323	3,433.70
2016	7,570	26,015,106	3,436.41

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2016

DISTRICT/JOINT AGREEMENT NAME Triad Community Unit School Distr	RCDT NUMBER 41-057-0020-26	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-003590	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable)		NAME AND ADDRESS OF AUDIT FIRM C. J. Schlosser & Company, L.L.C. 233 East Center Drive Alton IL 62002	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 203 E. Throp Street Troy IL 62294-0360		E-MAIL ADDRESS: ktepen@cjsco.com	
		NAME OF AUDIT SUPERVISOR Kevin Tepen	
		CPA FIRM TELEPHONE NUMBER (618) 465-7717	FAX NUMBER (618) 465-7710

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE SINGLE AUDIT REPORT:

- ☐ A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to ISBE (either with the audit or under separate cover).
- ☐ Financial Statements including footnotes Title 2 CFR §200.510 (a)
- ☐ Schedule of Expenditures of Federal Awards including footnotes Title 2 CFR §200.510 (b)
- ☐ Independent Auditor's Report Title 2 CFR §200.515 (a)
- ☐ Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* Title 2 CFR §200.515 (b)
- ☐ Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance Title 2 CFR §200.515 (c)
- ☐ Schedule of Findings and Questioned Costs Title 2 CFR §200.515 (d) (1) - (3)
- ☐ Summary Schedule of Prior Year Audit Findings Title 2 CFR §200.511 (b)
- ☐ Corrective Action Plan Title 2 CFR §200.511 (c)

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- ☐ Copy of Federal Data Collection Form Title 2 CFR §200.512 (b)
- ☐ Copy(ies) of Management Letter(s)

ILLINOIS STATE BOARD OF EDUCATION
100 North First Street
Springfield, Illinois 62777-0001

(Attachment to ISBE 62-18)

COUNTY	
MADISON	41-057-0020-26
DISTRICT/JOINT AGREEMENT NAME	
TRIAD COMMUNITY UNIT SCHOOL DISTRICT 2	
0991	

LEA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor, Program Title and Major Program Designation	CFDA Number (A)	ISBE Project # or Contract # (B)	Receipts/Revenues		Expenditure/Disbursements		Obligations/ Encumbrances (G)	Final Status (H)	Budget (I)
			07-01-14 to 06-30-15 (C)	07-01-15 to 06-30-16 (D)	07-01-14 to 06-30-15 (E)	07-01-15 to 06-30-16 (F)			
<u>Department of Education</u>									
Passed Through ISBE:									
Title I - Low Income	84.010A	16-4300-00	-	241,251	-	255,261	27,669	282,930	284,387
Title I - Low Income	84.010A	15-4300-00	252,142	31,827	252,789	31,180	-	283,969	285,350
			252,142	273,078	252,789	286,441	27,669	566,899	
Title II - Teacher Quality	84.367A	16-4932-00	-	47,595	-	49,865	7,001	56,866	57,042
Title II - Teacher Quality	84.367A	15-4932-00	51,327	5,251	51,327	5,251	-	56,578	56,578
			51,327	52,846	51,327	55,116	7,001	113,444	
Passed Through Madison County Career and Technical Education System:									
V.E. - Perkins Tech Prep	84.048	16-4770-00	-	18,804	-	18,804	-	18,804	N/A
			-	18,804	-	18,804	-	18,804	
<u>Special Education Cluster (M):</u>									
Passed Through ISBE:									
IDEA Flow Through	84.027A	16-4620-00	-	532,128	-	599,574	6,777	606,351	732,435
IDEA Flow Through	84.027A	15-4620-00	625,547	49,687	625,786	49,448	-	675,234	711,506
Pre-School Flow Through	84.173A	16-4600-00	-	17,480	-	17,480	-	17,480	17,480
Pre-School Flow Through	84.173A	15-4600-00	20,159	-	20,159	-	-	20,159	20,159
IDEA - Room & Board	84.027A	14-4625-00	62,579	-	88,706	-	-	88,706	N/A
IDEA - Room & Board	84.027A	15-4625-00	28,203	39,793	55,016	16,558	-	71,574	N/A
IDEA - Room & Board	84.027A	16-4625-00	-	3,936	-	4,373	-	4,373	N/A
			736,488	643,024	789,667	687,433	6,777	1,483,877	
Passed Through Illinois Department of Human Services:									
STEP Program	84.126	46CTD0025	22,785	-	22,785	-	-	22,785	22,785
STEP Program	84.126	46CUD0025	-	24,882	-	24,882	-	24,882	24,882
			-	24,882	-	24,882	-	47,667	
Total Department of Education			1,039,957	1,012,634	1,093,783	1,072,676	41,447	2,230,691	

See Notes to Schedule of Expenditures of Federal Awards

ILLINOIS STATE BOARD OF EDUCATION
100 North First Street
Springfield, Illinois 62777-0001

(Attachment to ISBE 62-18)

COUNTY
MADISON 41-057-0020-26
DISTRICT/JOINT AGREEMENT NAME
TRIAD COMMUNITY UNIT SCHOOL DISTRICT 2
0991

LEA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor, Program Title and Major Program Designation	CFDA Number (A)	ISBE Project # or Contract # (B)	Receipts/Revenues		Expenditure/Disbursements		Obligations/ Encumbrances (G)	Final Status (H)	Budget (I)
			07-01-14 to 06-30-15 (C)	07-01-15 to 06-30-16 (D)	07-01-14 to 06-30-15 (E)	07-01-15 to 06-30-16 (F)			
<u>Department of Health and Human Services</u>									
Passed Through State of Illinois Department of Healthcare and Family Services:									
Medicaid Outreach	93.778	16-4991-00	-	56,852	-	57,905	-	57,905	N/A
<u>Department of Agriculture</u>									
Passed Through ISBE:									
<u>National School Lunch Program Cluster:</u>									
Federal School Lunch Program:									
Regular - Free and Reduced	10.555	16-4210-00	-	294,206	-	294,206	-	294,206	N/A
Regular - Free and Reduced	10.555	15-4210-00	333,546	70,591	333,546	70,591	-	404,137	N/A
Food Distribution - Commodities	10.555	N/A	-	84,593	-	84,593	-	84,593	N/A
Federal School Breakfast Program:									
Regular - Free and Reduced	10.553	16-4220-00	-	62,487	-	62,487	-	62,487	N/A
Regular - Free and Reduced	10.553	15-4220-00	59,741	12,879	59,741	12,879	-	72,620	N/A
			393,287	524,756	393,287	524,756	-	918,043	
Total Department of Agriculture			393,287	524,756	393,287	524,756	-	918,043	
Total Federal Award Programs			\$ 1,433,244	\$ 1,594,242	\$ 1,487,070	\$ 1,655,337	\$ 41,447	\$ 3,206,639	

(M) Tested as major program

Triad Community Unit School District No. 2

41-057-0020-26

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Year Ending June 30, 2016

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Triad CUSD #2 and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Indirect Facilities & Administration costs

Auditee elected to use 10% de minimis cost rate?

____ YES

____ X NO**Note 3: Subrecipients**

Triad CUSD #2 did not provide any federal awards to subrecipients.

Note 4: Non-Cash Assistance

The following amounts were expended in the form of non-cash assistance by Triad CUSD #2 and are included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (CFDA 10.555)**:

____ \$84,593

OTHER NON-CASH ASSISTANCE

Note 5: Other Information

Insurance coverage in effect paid with Federal funds during the fiscal year:

Property

Auto

General Liability

Workers Compensation

Loans/Loan Guarantees Outstanding at June 30:

District had Federal grants requiring matching expenditures

____ No

____ (Yes/No)

Triad Community Unit School District No. 2
41-057-0020-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Adverse
(Unmodified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- Material weakness(es) identified? YES X None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? YES X None Reported
- Noncompliance noted? YES X NO

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

- Material weakness(es) identified? YES X None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? YES X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified
(Unmodified, Qualified, Adverse, Disclaimer)

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)? YES X NO

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰
	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? YES X NO

Triad Community Unit School District No. 2
41-057-0020-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER: None 2. THIS FINDING IS: ☐ New ☐ Repeat from Prior Year?
Year originally reported? _____

3. Criteria or specific requirement

4. Condition

5. Context

6. Effect

7. Cause

8. Recommendation

9. Management's response

For ISBE Review

Date

Resolution Criteria Code Number

Initials

Disposition of Questioned Costs Code Letter

Triad Community Unit School District No. 2
41-057-0020-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER: None 2. THIS FINDING IS: ☐ New ☐ Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: _____

4. Project No.: _____ 5. CFDA No.: _____

6. Passed Through: _____

7. Federal Agency: _____

8. Criteria or specific requirement (Including statutory, regulatory, or other citation)

9. Condition

10. Questioned Costs

11. Context

12. Effect

13. Cause

14. Recommendation

15. Management's response

For ISBE Review

Date: _____

Initials: _____

Resolution Criteria Code Number: _____

Disposition of Questioned Costs Code Letter: _____

Triad Community Unit School District No. 2
41-057-0020-26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ending June 30, 2016

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
None		